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EXHIBIT 41
DATE 01/10/213
HB 53

(Talking Points)

Chairman Washburn and honorable Members of the State Administration Committee, I bring before you today HB 53, a bill for an act that will revise the duties of the State Administration and Veteran's Affairs Interim Committee, on which I have had the opportunity to serve on since 2007.

HB 53 amends section 5-5-223, MCA, which outlines the statutory duties of the State Administration and Veteran's Affairs Interim Committee, better known as SAVA. Under current law, SAVA is required to solicit from interested persons their ideas for proposed statutory changes to any of the public employee retirement systems, analyze the ideas and then make a recommendation to the full legislature about whether the idea, if it is ever introduced as a bill, should be passed or not. HB 53 that is before you proposes to eliminate this duty.

HB 53, while eliminating this duty, **does not** eliminate SAVA's responsibility to consider the actuarial and fiscal soundness of each of the pension systems, establish principles of sound retirement policy, develop any recommended legislation and publish reports to the legislature that the committee believes will assist legislators when it considers retirement bills.

The specific language that I am proposing to be stricken is on page 2, lines 1 through 11, or parts D through F. This language was added to SAVA's responsibilities during the 2005 special legislative session to help with the growing unfunded liabilities of the TRS & PERS pension

systems, by allowing more opportunity for stakeholders to vet retirement proposals, in hopes of refining their ideas so that they would have a better chance of passing, providing more time for the retirement boards to examine actuarial issues on those proposals and hopefully in the end a reduction in the number of retirement proposals being submitted during the next session.

While the concept was a good one, the specific language/duties has always been problematic for several reasons.

Timing has been an issue, as most stakeholders, such as the unions, MACo, the League of Cities and Towns don't typically hold their conferences to decide on what their legislative requests will officially be until August before the session and the SAVA Committee is supposed to wrap up its work by September 15th. In addition, actuarial valuations for the retirement plans are not available until October, so any fiscal information required to do an analysis of the ideas is not available to the committee for their input prior to the September 15 end of the interim.

Staff analysis requires an inordinate amount of time and must do an analysis of each of the retirement proposals, even if the committee members do not feel that it is necessary, plus there is a high probability that these proposals will under some change, or not be submitted at all in the upcoming session, making the staff's analysis information outdated or not warranted.

Requiring committee votes is premature and it can disenfranchise a potentially good idea from being recommended to the legislature for passage as it will likely go through changes before being introduced during the next session and if it tends to be a controversial issue the

- committee may become deadlock and unable to make a recommendation and unable to comply with the statutory language.

The current language also does not require anyone to submit their pension proposals to SAVA for review; consequently not all retirement proposals are reviewed by SAVA before the session as many ideas are put forth during the session by legislators, and the outcome that was hoped for has not been realized.

By eliminating this statutory language it does not eliminate SAVA's duty to oversee pension plan issues, as it will still have the responsibility to examine pension policy, funding issues and they still have the authority to request analysis on pension issues as necessary, what it will do is allow for a more proficient use of the staff's and committee's valuable time and resources by allowing them to request analysis on those pension issues they deem as necessary and publish reports that they believe will assist legislators when it considers retirements.

I want to thank you for your time, interest and consideration of a do pass on HB 53.